EX PARTE OR LATE FILED

DOCKET FILE COPY ORIGINAL

GTE Service Corporation
1850 M Street, N.W., Suite 1200
Washington, DC 20036
202 463-5200

July 2, 1993

Secretary
Federal Communications Commission
Washington, DC 20554

Re: *Ex Parte* Filing - CC Docket No. 92-77

[redacted]

GTE Service Corporation
1850 M Street, N.W. Suite 1200
Washington, DC 20036
202 463-5200

July 2, 1993

Mr. Mark Nadel
Federal Communications Commission
Washington, DC 20554

SUBJECT: SECOND SUPPLEMENTAL BILLED PARTY PREFERENCE DATA REQUEST

Dear Mr. Nadel:

This letter is in response to your telephone requests of June 25, 1993 and June 28, 1993 in which you requested additional cost data pertaining to GTE implementation of a Billed Party Preference (BPP) system encompassing all 0- and 0+ telephone traffic in scope. Following are GTE's responses to your questions concerning: (1) costs for trunking, additional operators and operator positions necessary in order to implement BPP; (2) a more detailed description of Automated Alternate Billing Services (AABS) implementation costs; (3) possible methods to implement BPP that would not require Signalling System 7 (SS7) functionality to GTE end offices; (4) a more detailed breakdown of Operator Services Switch (OSS) BPP software costs; and (5) a more detailed description of the costs involved in deploying SS7 functionality to GTE end offices.

GTE offers the following responses:

1. Q. Please provide an estimate of the costs for additional end office trunking, operators, and operator positions required to implement BPP. Also, please provide an estimate of the recurring salary costs for the additional operators.

   R. GTE included estimates of these costs in its comments filed in June, 1992, however they were not identified separately. The estimated non-recurring costs for additional end office trunking are approximately $14.2 million and include labor for trunk rearrangements. Estimated recurring costs are approximately $6 million annually. GTE estimates an additional 358 operators (increasing the total operator force from approximately 1500 currently to 1850) and 186 operator positions, of which 94 would be new operator positions, must be added to implement BPP. The estimated cost of the operator positions is approximately $1.8 million and required operator training cost is estimated to be approximately $0.6 million. Estimated recurring salary costs for the additional operators are approximately $11.3 million. GTE has not changed these costs from our original estimate. They will require revision if the service description for BPP changes significantly from that described in GTE's comments. For example, a requirement for SS7 to the end office would necessitate additional end office trunking, increasing trunking costs.

2. Q. Does GTE's estimate of $16 million for AABS deployment reflect incremental deployment costs attributable to BPP implementation or do they represent the cost of full AABS deployment within GTE? Please separate the AABS costs into hardware and software components.

R. GTE is deploying AABS in all its offices in 1993 at a cost of approximately

4. Q. Please provide a breakdown of the estimated OSS BPP software costs ($44.2 million) by GTE operator switch type.

   R. The estimated costs for OSS BPP software are comprised of: (1) $22.1 million for 35 Northern Telecom TOPS switches ($19 million for BPP software and $3.1 million for commercial credit card functionality) and (2) $22.1 million for 7 AT&T OSPS switches ($20.3 million for BPP software and $1.8 million for commercial credit card functionality).

5. Q. Please provide a more detailed description of the costs underlying GTE's estimated cost of $188 million to deploy SS7 functionality to GTE end offices.

   R. GTE estimates the cost to deploy SS7 functionality to an end office to be approximately $75 thousand, based upon recent deployment of similar SS7 applications such as CLASS and DATABASE 800 software. GTE anticipates having approximately 2500 equal access end offices which will require such functionality in order to implement BPP. In our conversation on June 29, 1993 you indicated this cost did not seem comparable to RBOC estimates of $50 thousand per end office. As discussed in GTE's response to question number 3, the majority of GTE's end office switches are manufactured by AGCS. SS7 functionality is realized through the development of software and hardware that is unique to the architecture of AGCS' switch. The total population of AGCS switches is significantly smaller than the total population of switches utilized by the RBOCs. As a result, research and development costs are supported by a smaller number of switches. The eventual result is the price differential seen in GTE's cost estimate.

The attachment to this letter contains an itemized description of GTE's cost estimates for BPP. It contrasts the June, 1992 and July, 1993 estimates. I believe this response and its attachment completes the outstanding data requests. Should you have any additional questions, however, please contact me at (202) 463-5291.

Very truly yours,

F. Gordon Maxson
Director - Regulatory Affairs

Attachment

ATTACHMENT I

GTE BILLED PARTY PREFERENCE COST ESTIMATE DETAIL
($ in millions)

Cost Element	6-92 Estimate	7-93 Estimate
End Office Software	1.5	1.5
Data Base Administration	0.5	0.5
End Office/OSS Trunking	14.2	14.2
	6.0*	6.0*
OSS BPP Software	33.7	44.2
Operator Position Equipment	1.8	1.8
Operator Training	0.7	0.7
Operator Labor	11.3*	11.3*
Trunking to ICs	8.1	8.1
	4.0*	4.0*
Rehoming Leased OSS Trunks	2.1	2.1
	2.0*	2.0*
Support System Labor	0.02	0.02
	0.01*	0.01*
Additional OSS	20.0	20.0
Support System Programming	1.5	1.5
SS7 to End Offices	0.0	188.0
AABS System Enhancements	0.0	16.0
	0.0	2.1*
LIDB Enhancements	0.0	1.8
	----	----
Total Non-Recurring Costs	**84.12**	**300.42**
Total Recurring Costs	**23.31***	**25.41***

(* denotes recurring cost)

GTE Service Corporation
1850 M Street, N.W., Suite 1200
Washington, DC 20036
202 463-5200

June 25, 1993

Mr. Mark Nadel
Federal Communications Commission
Washington, DC 20554

SUBJECT: SUPPLEMENTAL BILLED PARTY PREFERENCE DATA REQUEST

Dear Mr. Nadel:

This letter is in response to your telephone request of June 16, 1993 in which you asked for additional or revised cost estimates from GTE concerning implementation of a Billed Party Preference (BPP) system encompassing all 0- and 0+ telephone traffic in scope. This letter contains GTE's responses to your questions concerning revised/new cost estimates for Signalling System 7 (SS7) functionality in GTE end offices, Operator Services Switch (OSS) BPP software, Automated Alternate Billing Services (AABS) system enhancements, Line Information Data Base (LIDB) enhancements, and the cost of balloting customers in order to determine their BPP carrier of choice. You also asked GTE to propose alternatives to the return on capital and investment recovery periods you are using to develop your cost recovery recommendation on BPP. With respect to this request, GTE has no alternatives to offer.

Here are the responses to the other questions:

1. Q. Please provide the cost of providing SS7 functionality to GTE end offices.

   R. In your BPP service description, SS7 signalling between the operator switch and the end office would be required to obtain the preferred carrier of the originating line for default call processing in instances where such a carrier cannot be identified or is not available at a particular operator switch. GTE does not consider this functionality necessary for BPP implementation and did not include such a cost estimate in its original comments. Here is an estimate of the costs to provide SS7 functionality in GTE end offices. Assuming BPP implementation in 1995, GTE would need to provision this functionality in an estimated 2500 equal access end offices at a cost of approximately $75 thousand per office. The resultant total cost would be approximately $188 million.

2. Q. Please identify AABS costs and OSS BPP software costs separately and revise the estimate included in GTE's comments where appropriate.

   R. GTE combined these costs in developing the cost estimate included in its comments. The total cost was $34 million, of which $2.6 million was AABS and the remainder was OSS BPP software. Since that estimate was developed, GTE has gained more experience in determining AABS costs and has revised its plans concerning the number of switches that would require this functionality. Additionally, the revised cost estimate contains $3.2 million of provisioning costs for commercial credit card functionality that were not included in GTE's original estimate. GTE's revised estimate for OSS BPP software is approximately $44 million and is based

on provisioning 35 TOPS (Northern Telecom) switches and 7 OSPS (AT&T) switches. The original estimate was based on provisioning 36 TOPS switches and 4 OSPS switches. Based on deployment experience obtained subsequent to the filing of its BPP comments, GTE has determined there is a significant traffic sensitive hardware cost component in provisioning AABS and that recurring charges involving leased interLATA voice facilities and hardware maintenance contracts should also be considered. As a result, GTE's revised cost estimate for AABS is approximately $16 million in non-recurring costs and approximately $2 million in recurring costs.

[redacted]